

DEPARTMENT OF SOCIAL SERVICES
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November 4, 1980

ALL-COUNTY LETTER NO. 80-65

TO: ALL COUNTY WELFARE DIRECTORS

ATTENTION: QUALITY CONTROL STAFF

SUBJECT: AFDC-QC REVIEW PROCEDURES IN CASES INVOLVING A STEPPARENT

REFERENCE:

Beginning with the July 1980 review (payment) month, quality control will review to the stepparent regulations in effect as of July 1, 1980. However, only cases on concurrent budgeting will have the potential of quality control dollar errors for the review months of July and August, as July will be the first budget month viewed relative to cases involving stepparents. September will be the first review month for potential errors in ongoing cases.

Outlined below are guidelines to follow in cases involving a stepparent.

A stepparent may be either a stepmother or a stepfather. Each is to be treated the same.

When a stepparent is in the FBU, his/her income and property will be treated the same as any other adult in the FBU.

When a stepparent residing in the home is not included in the FBU but one or more of his/her children is in the FBU, the stepparent is an excluded parent, and his/her income is to be treated in accordance with EAS Section 44-133.3.

A determination must be made as to the neediness of the Stepparent Unit (SPU). (See EAS Section 44-133.61 for definition of a Stepparent Unit.) If the stepparent is excluded from the FBU and the stepparent's income meets their combined need, the spouse and the stepparent's children are to be excluded from the FBU. (NOTE: There are no changes in the process of determining the neediness of the SPU.)

Computation of the Stepparent's Income to the FBU when the SPU is Excluded

There are five basic steps involved in this process:

1. Determine the proposed Family Budget Unit (FBU) composition.
2. Determine the Stepparent Unit (SPU) composition.

3. Determine the neediness of the SPU (the ability of the stepparent to support members of the SPU).
4. Determine revised FBU composition if necessary.
5. If, after completing determinations in steps 1. - 4., the stepparent and his/her children are excluded from the FBU, compute income to the FBU from the stepparent.

The attached AFDC Stepparent Contribution Worksheet (TEMP 1429) is to be used by quality control analysts to aid in determining the correctness of the stepparent's income to the FBU. This completed form must be attached to each worksheet of a case involving a stepparent.

Income to the FBU shall be the larger of:

1. The amount actually available to the FBU up to a maximum of the stepparent's gross income, less mandatory payroll deductions, any existing court-ordered child support obligations, and the appropriate MBSAC for persons in the SPU. (NOTE: In the computation of the ceiling amount available, work-related expenses are not allowed as a deduction.)

In order to verify the amount of the stepparent's existing court-ordered child support obligation, it will be necessary to view his/her divorce document. If this document is unobtainable, it will be necessary to obtain the stepparent's written statement indicating the amount of the obligation. The amount to be applied toward determining a stepparent's contribution to the FBU is the amount that is obligated through a court order. The amount of child support actually paid by the stepparent is not considered.

2. The parent's community property interest in the income of the stepparent. (See EAS 44-101.1 for definition of separate and community income.)
 - a. The parent's community property interest in the stepparent's income is unconditionally available to the FBU. One-half of the remainder after deducting mandatory payroll deductions, work-related expenses and any existing court-ordered child support obligations, from his/her total gross income is net income to the FBU. Allowable work-related expenses shall be determined in accordance with EAS Section 44-113.24:

Stepparent's Total Gross Income

- Mandatory payroll deductions

- Work-related expenses

- Court-ordered child support obligations

Stepparent's Net Income $\div 2$ = Income to the FBU.

- b. If the use of the community property income of the stepparent leaves the stepparent unit with insufficient income to meet its needs at the aid payment standard, the income to the FBU from the parent's community property income interest in step "a." above shall be reduced by

the amount necessary to allow the SPU to meet the needs at the aid payment standard. This is determined as follows:

- (1) Compute the MAP differential. That is determine the MAP as if the SPU were aided with the FBU. From that amount subtract the actual MAP for the FBU:

$$\begin{array}{r} \text{MAP for FBU (including SPU)} \\ - \text{MAP for FBU (excluding SPU)} \\ \hline \text{MAP Differential} \end{array}$$

- (2) Determine the stepparent's net income. This is the sum of the stepparent's share of his/her own community property income as determined in "a." above, and the stepparent's net separate income as defined in EAS Section 44-101.11.
- (3) Subtract the stepparent's net income from the MAP differential:

$$\begin{array}{r} \text{MAP Differential} \\ - \text{Stepparent's Net Income} \\ \hline \text{Remainder} \end{array}$$

If the remainder is zero or a negative amount, the stepparent's net income is sufficient to meet the needs of the SPU at the aid payment standards. Income to the FBU from the parent's community property interest in the income of the stepparent is the amount as determined in step "a." above.

If the remainder is a positive amount, the stepparent's net income is insufficient to meet the needs of the SPU at the aid payment standards. Income to the FBU from the parent's community property interest in the income of the stepparent as determined in step "a." above is reduced by this positive amount.

Examples of Income Computation

NUMBER ONE: Assume the parent and stepparent each have a separate child. The stepparent has \$600 gross earned income, \$70 Mandatory Deductions (MD), and \$76 in Work-Related Expenses (WRE). There are no court-ordered child support obligations. Neither the stepparent nor his separate child request aid. The stepparent makes all his income available to the FBU.

1. Determine the needs of the SPU.

$$\begin{array}{r} \text{S/P Gross} = \$600 \\ \text{MD} \quad \quad -70 \\ \hline \$530 \end{array}$$

Since the MBSAC for three is \$480, the SPU is nonneedy. The parent cannot be included in the FBU.

2. The FBU consists of the parent's separate child. Determine the income to the FBU.

Income to the FBU is the larger of a. or b. below:

- a. The amount actually available to the FBU up to the maximum described in 44-133.631.

S/P Gross	\$600
MD	<u>-70</u>
	\$530
MBSAC	<u>-480</u>
	<u>\$ 50</u>

- b. The parent's community property income interest is the income of the stepparent as determined by 44-133.632.

- (1) Compute parent's community income interest:

S/P Gross	\$600
MD	<u>- 70</u>
	\$530
WRE	<u>- 76</u>
Remainder	\$454
1/2 Remainder = Community Income Interest	<u>\$227</u>

- (2) Compute MAP differential:

MAP of 4 (including SPU)	\$563
MAP of 1 (excluding SPU)	<u>-232</u>
MAP Differential	\$331

- (3) The S/P community property income interest: \$227

- (4) Subtract S/P community property income interest from MAP differential:

MAP Differential	\$331
S/P's Community Income Interest	<u>-227</u>
	\$104

- (5) If the remainder in (4) is positive, reduce the parent's community property income interest by this amount: \$227
-104
\$123

Income to the FBU is the larger of \$50 (a.) or \$123 (b.).

Income to FBU is \$123.

NUMBER TWO: Assume the parent has one separate child. The stepparent has no children. The stepparent has \$400 gross earned income, \$125 Social Security disability benefits, \$50 mandatory deductions and \$100 work-related expenses. According to the CA 2.2, the stepparent makes all of his income available to the FBU.

1. Determine the needs of the SPU:

S/P Gross Earned Income	\$400.00
Less Mandatory Deductions	- 50.00
Plus S/P Unearned Income	+125.00
S/P Net Income	<u>\$475.00</u>

Since the MBSAC for two is \$395, the SPU is nonneedy. The parent cannot be included in the FBU.

2. The FBU consists of the parent's separate child. Determine the income to the FBU.

Income to the FBU is the larger of a. or b. below:

- a. The amount actually available to the FBU up the maximum described in 44-133.631.

S/P Net Income (from 1. above)	\$450
Less MBSAC for Unaided SPU	395
Amount Actually Available	<u>\$ 55</u>

- b. The parent's community property income interest in the income of the stepparent as determined by 44-133.632.

- (1) Compute parent's community property income interest:

S/P Gross Earned Income	\$400
Mandatory Deduction	-50
	<u>\$350</u>
Work-Related Expenses	100
Remainder	<u>\$250</u>
1/2 Remainder = Community Property Income Interest	<u>\$125</u>

- (2) Compute MAP differential:

MAP of 3	\$473
MAP of 1	232
	<u>\$241</u>

(3) The stepparent's net income

S/P's Community Property Income Interest	\$125
Plus S/P's Net Separate Income	<u>125</u>
S/P's Net Income	<u><u>\$250</u></u>

(4) Subtract stepparent's net income from difference in MAPs:

\$241
<u>-250</u>
<\$ 9 >

(5) If the remainder in (4) is negative, then income to the FBU is the larger of \$55 (a.) or \$125 (b.). Income to FBU is \$125.

In order to determine the correctness of a computation in cases involving a stepparent, the CA 2.2 and/or CA 7 or any other income reporting document in the county's record will have to be viewed.

These documents should contain the following pertinent information:

1. The stepparent's current monthly income - both earned and unearned;
2. The parent's current monthly income - both earned and unearned;
3. The source and amount of any other current monthly income;
4. The type, amount, and ownership of any currently available credit arrangement;
5. The amount of and manner in which the stepparent's current monthly income is kept, i.e., joint bank account, separate bank account in whose name, in cash, etc.;
6. Whether, how, and in what amount the stepparent's income is regularly made available to the parent, and if not, why not;
7. Whether the stepparent and parent normally reside together, and if not, why not;
8. The amount of, means of making, source of funds for, and which spouse makes each of the following payments each month, where applicable: food, housing, clothing, utilities, transportation, other expenses; and
9. Whether or not the stepparent claims the stepchild(ren) as dependents for income tax purposes; and any other facts relevant to a determination whether the stepparent's income is or is not regularly made available to the parent.

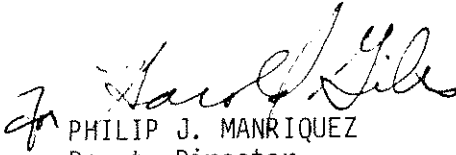
Failure of the parent to complete the CA 2.2 is considered withholding of information essential to the determination of the eligibility of the parent's child(ren). However, completion of the form is required only when the stepparent and all of his/her children are excluded from the FBU.

The stepparent is required to report his/her income monthly. However, there is no current requirement that he/she report on and sign the monthly CA 7.

Failure to provide information outlined in the two preceding paragraphs will result in discontinuance or denial of aid for the stepchild(ren). However, if this information is not in the case record, but is obtained through collateral sources, there is no quality control dollar error as long as the total QC grant computation agrees with that completed by the eligibility worker. Lack of any required documentation will result in a procedural error.

If you have any questions, please contact the appropriate Quality Control regional or district manager per All-County Information Notice I-133-79.

Sincerely,


PHILIP J. MANRIQUEZ
Deputy Director
Planning and Review Division

cc: CWDA

Attachment

STEPPARENT COMPUTATION WORKSHEET

CASE NAME	CASE NUMBER	WORKER NAME	DATE COMPLETED
COMPOSITION OF STEPPARENT UNIT (SPU)			
1.	2.	3.	
4.	5.	6.	

STEPPARENT'S UNIT (SPU) NEEDINESS DETERMINATION (44-133.61)

Stepparent's gross earned income. \$ _____

Less mandatory deductions - _____

Plus stepparent's unearned income + _____

Less court ordered child support obligation - _____

Stepparent's net income; enter in Box 1 **1** \$ _____

MBSAC for SPU \$ _____

Is stepparent's net income equal to or more than the MBSAC for the SPU?

- ☐ YES - SPU is nonneed; the parent and all the stepparent's children shall be excluded from the FBU.
- ☐ NO - SPU is needy; the parent is included in the FBU.

The following computation is necessary only if neither the stepparent nor any of his/her children are in the FBU.

INCOME TO FBU FROM STEPPARENT (44-133.63) - Income to the FBU is the larger of either the amount actually available up to a ceiling or the parent's property interest in the earnings of the stepparent.

A. COMPUTATION OF AMOUNT ACTUALLY AVAILABLE UP TO THE CEILING

(1) Amount actually available from CA 2.2 \$ _____

(2) Ceiling is:

Stepparent's net income (from Box 1) _____

Less MBSAC for unaided SPU - _____

(a) Ceiling amount. _____

Amount actually available is lesser of (1) or (2) (a); enter in Box 2 **2** \$ _____

B. COMPUTATION OF PARENT'S COMMUNITY PROPERTY INTEREST

Stepparent's gross earned income. \$ _____

Less work related expenses and mandatory deductions (44-113.24) - _____

Plus stepparent's unearned income subject to community property + _____

Less court ordered child support obligations - _____

Remainder. _____

Divide remainder by 2 to get community property interest; enter in Box 3 3 \$ _____

MAP for FBU and SPU \$ _____

Less MAP for FBU. - _____

Difference in MAP's \$ _____

Community property interest (from Box 3) \$ _____

Plus stepparent's net separate income. + _____

Sum. - _____

Subtract sum from difference in MAP's; enter in Box 4 4 \$ _____

If the remainder in Box 4 is zero or negative, enter the community property interest from Box 3 in Box 5. 5 \$ _____

otherwise enter the remainder of community property interest (Box 3) less the amount in Box 4. Consider this zero if it is a negative number.

Box 3 _____

Box 4- _____

Income to the FBU is the larger of the amounts in Box 2 or Box 5 6 \$ _____